

NEW BRUNSWICK INFORMATION PACKAGE

AUGUST 1986

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
INCENTIVES	5
UTILITIES	11
LABOUR	13
Labour Stability in New Brunswick	15
Labour Statistics	16
Fringe Benefits	21
Collective Agreement Samples - Saint John & Moncton	22
Labour Organizations	27
Recruiting and Training	28
EDUCATION	29
Universities	30
Community Colleges	31
Graduate Statistics	32
HEALTH SERVICES	34
HOUSING	36
TRANSPORATION	38
TAXATION OF CORPORATIONS	40
Corporate Income Tax Rates	41
Tax Credits	42
Tax Incentives	43
Federal Sales Tax	44
Examples of Investment Tax Credit	45
Property Taxes	46
Individual Income Tax	46
INVESTMENT CANADA	48
NEW BRUNSWICK ECONOMIC INDICATORS	50

1.

INTRODUCTION

INTRODUCTION

New Brunswick is one of Canada's largest eastern Atlantic Provinces stretching 320 kilometers (200 miles) from north to south with a breadth of 224 kilometers (140 miles) from east to west. Being a coastal province, it is bounded on two sides by waters of the Atlantic Ocean with land borders of the State of Maine, U.S.A., to the west and the Province of Quebec to the north.

The population of New Brunswick exceeds 720,000 people and is representative of the rich cultural diversity of the Canadian nation. Government services are available in both the official languages of New Brunswick, English and French.

The New Brunswick labour force of more than 310,000 workers has a documented history of stability and high productivity in all the major industrial sectors including manufacturing, mining, forestry, fishery, agriculture and the service industries. The quality educational and technical training programs and institutions in New Brunswick continue to produce a work force dedicated to the growth and expansion of the provincial economy.

The Province of New Brunswick, Canada, is committed to the profitable future of its industrial base and fully supports the new investment and technology required to ensure its continued economic growth.

Market Access:

Because of its strategic location, New Brunswick is well situated to serve both the eastern North American and overseas markets. There are over one hundred million consumers within a 1,000 mile radius of New Brunswick.

<u>Road km/miles - New Brunswick to:</u>		<u>Nautical Miles - New Brunswick to:</u>	
Boston	 600 km/375 mi.	New York	 450
Montreal	 700 km/435 mi.	Liverpool	 2,600
New York	 900 km/560 mi.	Rotterdam	 2,900
Toronto	 1,100 km/680 mi.	Yokohama	 9,900

Incentives:

Both the New Brunswick and Federal Governments offer inviting financial incentives for manufacturing and processing industries planning to establish or expand in the Province.

Human Resources:

An energetic and productive labour force is available to new and expanding industries in New Brunswick. Flexible training programs have been designed to ensure an adequate supply of skills to meet the demands of modern industry. The importance of labour training is crucial and a major effort is made by the federal and provincial governments to financially assist a company in this respect. With an unemployment above the national average, New Brunswick offers an abundance of skilled workers anxiously seeking new employment opportunities.

Energy:

Because of the diversity and dependability of New Brunswick energy sources, rates have remained competitive and stable in times of rising energy costs throughout the world. Our electricity is produced from diverse sources - hydro, nuclear, coal-fired, and oil fired, which provides assurances that energy costs should not accelerate faster than the general inflation rate. Our rates are the lowest in Atlantic Canada and considerably lower than most American states.

Transportation:

Several year round, deep water ports, including one of the most modern docking facilities and container terminals in North America, are in New Brunswick. Two national railways, major trucking firms, and airlines link New Brunswick to markets from coast to coast and around the world. The Port of Saint John is one of Canada's busiest, and most efficient, ports.

Industrial Sites:

Low cost, fully serviced industrial land is immediately available throughout the Province. Land costs in New Brunswick are among the lowest in North America.

Commerce and Technology and You:

The total resources of the Department of Commerce and Technology are at your disposal to assist in identifying labour supply and training requirements; locating sources of materials and components; assessing transportation factors; providing information on site availability and building costs; and in the preparation of applications for various government assistance programs.

We strongly believe in the role private enterprise has to play in the development of our economy. Our contacts are treated with the strictest confidence and we can provide, at no cost to you, expert assistance in analyzing and developing your project.

Financial assistance programs offered by the Department include the Small Industry Financial Assistance Program, providing up to 50 per cent of capital cost for the establishment of manufacturing, remanufacturing or processing facilities. The Department also offers direct loans, and bond or loan guarantees.

A Venture Capital Support Program is in place, designed to encourage venture capital investment in the province through the attraction of equity participation in New Brunswick companies.

New Brunswick is a good place to live and work. Our communities vary in size, offering a choice of life style from rural to city environment, yet none are so large as to create transportation and communications problems.

We ask you to look at New Brunswick now, for we believe that your decision may be timely, farsighted and rewarding.

5.

INCENTIVES

INCENTIVES

The Department of Commerce and Technology has a policy of attempting to assist and meet the financial needs of your project by means that will prove most beneficial. The Department of Commerce and Technology will give consideration to equity, and debt positions in new projects.

1. The Government of New Brunswick has established a policy to consider a special cash incentive to attract technologically advanced manufacturing facilities to this Province. Each project is evaluated on its own merits and the incentive adjusted accordingly.
2. In addition to the special cash incentives just mentioned, the Government of New Brunswick offers competitive financing through long term loans or loan guarantees.
3. The New Brunswick Industrial Development Board meets regularly to assess and to make recommendations on applications for financial assistance to manufacturers or processors who plan to establish a new plant; expand and/or modernize an existing facility; or need working capital. This assistance may take the form of a direct loan, a loan or bond guarantee or the acquisition of shares in the company.
4. The Government of Canada through the Department of Regional Industrial Expansion (D.R.I.E.) offers non repayable cash grants to new companies establishing manufacturing and processing facilities in the Province, calculated as shown on the following page. The Federal Government further allows new industry in New Brunswick an investment tax credit of 20% applied to the value of new buildings, machinery and equipment. In selected areas of New Brunswick, this investment tax credit can be as high as 40%.
5. The Atlantic Enterprise Program (A.E.P.) provides New Brunswick companies with low interest loans and special loan insurance. Contributions are available to buy-down interest rate costs of up to six percentage points on new term loans for capital investments.

Long Term Debt Funds would be made available to a new company by one of two ways:

- (a) A direct long term loan made by Commerce and Technology; the interest rate, adjusted quarterly, is currently 10.55%.

- (b) A loan guarantee made by Commerce and Technology which will enable the company to negotiate a low cost loan at a Canadian bank. The cost of this guarantee is one half of one per cent and should enable your company to obtain long term funds at a rate of interest close to prime.

A full project submission to the Industrial Development Board (a Board of Businesspeople) is required for approval of financial assistance under these programs.

Federal D.R.I.E. Incentive Program

The Industrial and Regional Development Program (I.R.D.P.) provides direct federal assistance to industry in New Brunswick.

IRDP is flexible and can provide financial assistance to business through contributions and repayable contributions. The Program assistance for eligible projects is available over four elements of a product, or company, cycle.

To enable D.R.I.E. to promote industrial development in a manner relative to the need of the area, the support is enriched through a graduated scale of four tiers. The four tiers of support are designed so as to provide assistance to companies establishing in local areas based on the levels of economic prosperity in each area relative to that in the rest of Canada.

The amount of support offered will also vary depending upon the nature of the project, the need for program support, the value for money and the Government's economic objectives. The four elements of the program are designed to encourage innovation, the establishment of new production facilities, modernization/expansion of existing plants and marketing.

For example, of major importance to firms considering New Brunswick as the location for a new plant, funding for establishment of new production facilities is available as follows:

a) Studies

Funding may be provided toward the cost of hiring qualified consultants for studies of project feasibility, market research or venture capital search associated with a prospective establishment project.

<u>Availability</u>	<u>Maximum Sharing Ratios</u>
Tier I	N/A
Tier I-Special	30 %
Tier II	30 %
Tier III	37.5%
Tier IV	37.5%

b) Plant Establishment

Funding may be made available for the establishment of new production facilities for manufacturing or processing, selected service sectors related to industry or tourism operations.

<u>Availability</u>	<u>Maximum Cost Sharing Ratios</u>	<u>Minimum Approved Capital Costs (\$)</u>
Tier I	N/A	N/A
Tier I-Special	17.5%	\$ 50,000
Tier II	17.5%	50,000
Tier III	25 %	25,000
Tier IV	30 %	5,000

Most locations in New Brunswick have been classified as Tiers III or Tier IV meaning that the largest possible maximum cost sharing ratios are available and a larger variety of plant sizes may be supported (in Tier IV areas, plants involving capital costs as small as \$5,000 may be eligible for support).

The example on the following page is intended to provide an indication of the impact that the D.R.I.E. assistance program could have on the financial position of a company locating in a Tier IV community.

SAMPLEFINANCIAL PACKAGE
(\$ CANADIAN)CAPITAL REQUIREMENTS

1. Building (10,000 M ² X \$325/M ²)	\$ 3,250,000
2. Machinery and Equipment (listed and priced)	<u>10,000,000</u>
(A.C.C.) Approved Capital Costs	13,250,000
3. Land (16 Hectares X \$37,000/HA)	592,000
4. Working Capital	5,000,000
5. Pre Production Costs	<u>500,000</u>
 TOTAL PROJECT COSTS	 <u>\$19,342,000</u>

SOURCE OF FUNDS

1. Equity (minimum of 20% of Total Project Costs)	3,868,400
2. Non-repayable "IRDP" Grant Maximum Cost Sharing Ratio in Tier IV* - 30% of Approved Capital Cost	3,975,000
3. Short Term Working Capital - Chartered Banks	3,000,000
4. Long Term Loan	<u>8,498,600</u>
 TOTAL FINANCING	 \$19,342,000

*Eligible projects will not necessarily be supported at the maximum levels. The minimum amount of financial support required for the project to proceed and for economic benefits to be maximized will be provided. The maximum cost sharing ratios in Tier II and III locations are respectively 17.5% and 25%

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

The Government of New Brunswick strongly believes that regional development cannot be achieved without the involvement of local communities. To encourage strong local input, the Department of Commerce and Technology has assisted municipalities in the establishment of regional economic development bodies. The Province is served by 12 Regional Economic Development Commissions, which facilitate the promotion of industry and commerce at the local level in New Brunswick.

Each commission is intended to be a coordinating body for the orderly development of its region, making maximum use of its potential, and providing maximum benefits to the area. Other common functions of the development commissions include: the preparation of an economic profile of the region, providing useful data about business opportunity and the state of development of member communities; assisting to create a climate which will encourage investment in local enterprises; planning for the physical accommodation of industry and the management of industrial parks; and acting as a source of information on government assistance programs for new and existing industry.

INDUSTRIAL SITES

There are more than 40 industrial parks in New Brunswick, where fully serviced industrial acreage is available at low cost. Choice properties are immediately available. Land costs are among the lowest in North America with serviced lots in metropolitan areas ranging from as little as \$5,000 to \$60,000 per hectare (\$2,000 to \$25,000 per acre).

11.

UTILITIES

UTILITIES

Telecommunications Service

The New Brunswick Telephone Company Limited is one of the largest investor-owned telephone companies in Canada. N. B. Tel, through its own facilities and interconnections with the world's major telephone systems, offers complete communications services to all of New Brunswick. Construction of a province wide fibre-optic transmission system (F.O.T.S.) is underway and should be complete by the early 1990's.

Energy

Modern industry and business demand a reliable supply of electrical power. The New Brunswick Electric Power Commission, which generates and delivers electricity throughout the Province, has an extremely reliable system. An inter-provincial and international grid assures a continuous power source in the event of major breakdown. The N.B.E.P.C. currently has a diversified generating system which includes hydro, coal, oil and nuclear stations, with the capacity to adequately serve the province over the next decade, but is continuing an active expansion program.

Rates and prices continue to compare favourably with those in most other countries and in general terms, costs in the United States and Europe run at least one-third higher. A 1986 survey of industrial and commercial rates provided the following cost comparison, on the basis of a 1,000 KW demand and 450,000 KWH consumption, given an 85% power factor, for 100 KW in U.S. dollars. All currency conversion rates as of April, 1986.

<u>U.S.A.</u>		<u>Europe</u>		<u>Atlantic Canada</u>	
New York	\$11.35	Berlin	\$8.10	New Brunswick	3.50
San Francisco	9.28	Hamburg	7.16	Nova Scotia	4.14
Philadelphia	7.38	Belgium	5.94	Newfoundland	3.92
New Jersey	8.29	France	4.87	Prince Edward	7.08
Detroit	7.02	Munich	6.40	Island	

SOURCE: National Utility Service (Canada) Ltd., April, 1986; obtained by special request.

13.

LABOUR

LABOUR

In the 1970's New Brunswick experienced a record growth in population. As well as contributing to the size of the local market, this expanding population base has meant a broadened supply of labour especially of the young and the trained. The labour force in May 1986 was 314,000, with an unemployment rate of 14.6 per cent.

Included in this section are sample wage rates from collective agreements in three of our largest cities. Provincial legislation sets the minimum wage rate which an employer must pay an employee for 44 hours of work or less in any one week at \$3.80 per hour. The law specifies that a minimum of \$5.70 per hour be paid for work in excess of 44 hours per week. The Provincial Government also has legislation governing industrial relations, vacation pay, industrial standards, and other aspects of training, certification and industrial safety.

Source: New Brunswick Labour Market Report
May, 1986 Monthly Edition

LABOUR STABILITY IN NEW BRUNSWICK

The Nova Scotia/Newfoundland Divisional Manager of the Canadian Manufacturers Association authored a study "The Myth of Labour Instability - Nova Scotia vs. Competing Jurisdictions" which was printed and published in November 1980 with the assistance of the Department of Regional Economic Expansion and the Nova Scotia Department of Development.

From a New Brunswick perspective, the findings of this study were encouraging and provided documented evidence of the quality of the Province's labour force.

Highlights of the study, which covered the thirteen year period 1966 to 1978 inclusive, were:

"Of all the Canadian Provinces studied, the New Brunswick manufacturing work force has demonstrated the most stability in the 13 year study period".

"Comparing lost time over the thirteen years of the study, British Columbia had the highest average lost time at 1.06%....and New Brunswick the lowest at .37%".

"From 1966 to 1978, New Brunswick man days lost as a percentage of man days worked averaged 0.17%....New Brunswick has a work force which is twice as stable as Canada as a whole....".

"New Brunswick at 29.8% has the lowest level of unionized workers.

STATISTICAL SUMMARY - NEW BRUNSWICK

	<u>Sept. '83</u>	<u>Sept. '84</u>	<u>Sept. '85</u>
Labour Force (000's)	289	296	328
Employed (000's)	247	249	282
Unemployed (000's)	42	47	46
Unemployed Rate (%)	14.5	15.9	14.1
Participation (%)	55.2	55.8	61.1

STATISTICAL SUMMARY - THE REGIONSUnemployment Rates (%)

	<u>Sept. '83</u>	<u>Sept. '84</u>	<u>Sept. '85</u>
Northeast (Restigouche, Gloucester & Northumberland)	13.5	16.8	19.0
Southeast (Kent, Westmorland & Albert)	13.4	12.2	12.1
Southwest (Kings, Saint John & Charlotte)	12.3	13.9	14.3
Central (Queens, Sunbury, York)	12.9	13.1	11.1
Northwest (Charleton, Victoria & Madawaska)	11.2	14.5	12.6
City of Saint John	13.6	15.0	15.8

Participation Rates (%'s)

	<u>Sept. '83</u>	<u>Sept. '84</u>	<u>Sept. '85</u>
Northeast	47.5	50.1	53.5
Southeast	59.4	58.7	65.0
Southwest	61.8	62.5	62.4
Central	61.1	58.0	65.3
Northwest	57.5	60.1	61.2
City of Saint John	61.8	64.5	64.9

SOURCE: New Brunswick Labor Force Report
Monthly Editions

NEW BRUNSWICK

LABOUR FORCE STATISTICS

(ANNUAL AVERAGES)

Year	Population 15+	Labour Force	Employed	Unemployed	Unemployment Rate	Participation Rate
	(000's)	(000's)	(000's)	(000's)	(%)	(%)
1975	461	248	224	24	9.8	53.8
1976	473	253	226	28	11.0	53.6
1977	481	258	224	34	13.2	53.6
1978	489	268	234	34	12.5	54.8
1979	497	273	243	30	11.1	55.0
1980	504	280	249	31	11.0	55.6
1981	508	286	253	33	11.5	56.2
1982	514	282	243	40	14.0	55.0
1983	522	290	247	43	14.8	55.5
1984	529	291	248	44	14.9	55.1
1985	538	314	276	38	12.1	58.3
(May) 1986	542	321	273	48	15.0	59.3

Source: New Brunswick Labour Market Report
Monthly Editions

EMPLOYMENT BY INDUSTRY

NEW BRUNSWICK

(THOUSANDS)
(000's)

	J U N E		
	1984	1985	1986
Agriculture	7	6	6
Other Primary Industries	14	10	10
Manufacturing	41	39	39
Construction	16	20	16
Transportation, Communication and other Utilities	25	25	24
Trade	50	48	54
Finance, Insurance and Real Estate	10	11	10
Service	81	70	90
Public Administration	22	20	23
TOTAL	264	271	273

EMPLOYMENT BY OCCUPATION

NEW BRUNSWICK

(THOUSANDS)
(000's)

	J U N E		
	1984	1985	1986
Managerial, Professional, etc.	61	71	70
Clerical	41	40	43
Sales	23	24	27
Service	41	41	41
Primary Occupations	20	19	15
Processing	38	35	36
Construction	19	20	18
Transportation	14	11	13
Materials handling and other crafts	9	10	10
TOTAL	264	271	273

18.

AVERAGE WEEKLY EARNINGS - URBAN AREAS(INDUSTRIAL COMPOSITE)

<u>Date</u>	<u>Fredericton</u>	<u>Moncton</u>	<u>Saint John</u>
1976 (average)	\$180.10	\$185.20	\$214.61
1977 (average)	192.47	201.65	233.14
1978 (average)	193.17	213.60	244.67
1979 (average)	212.41	235.84	266.85
1980 (average)	227.93	255.50	294.17
1981 (average)	250.79	284.05	327.29
1982 (average)	272.44	311.09	356.77
1983 (average)	307.34	320.95	368.18
1984 (average)	339.01	360.77	386.31
1985 (average)	342.97	373.92	397.47

SOURCE: Statistics Canada 72-002
Office of Economic Advisor

AVERAGE WEEKLY WAGES AND SALARIES BY INDUSTRIES
(DOLLARS)

Year	Forestry	Manufacturing	Construction	Transportation Communication and Other Utilities
1973	133.58	136.92	166.46	158.98
1974	160.13	157.17	194.84	184.90
1975	175.19	188.89	244.02	216.84
1976	181.38	213.36	256.19	246.71
1977	203.58	237.71	282.05	273.24
1978	223.05	252.83	308.09	286.27
1979	289.55	277.07	404.13	313.93
1980	322.03	304.13	437.74	349.05
1981	353.87	342.30	470.03	387.57
1982	379.91	371.60	466.46	427.79
1983	386.16	391.37	387.66	454.25
1984	394.88	411.22	405.33	481.52
1985	423.32	425.36	428.29	493.89

Year	Trade	Finance, Insurance & Real Estate	Service*	Industrial Composite
1973	109.65	129.87	84.94	133.97
1974	121.46	146.16	98.34	154.58
1975	140.16	163.95	119.42	182.40
1976	159.21	186.83	125.08	202.56
1977	174.14	199.70	137.71	223.34
1978	177.78	218.20	145.53	232.89
1979	186.66	238.05	153.59	256.49
1980	194.96	262.72	166.41	283.84
1981	212.87	306.38	186.14	313.37
1982	228.54	350.54	204.77	342.14
1983	237.45	348.21	211.56	369.56
1984	249.79	364.03	337.25	N/A
1985	261.66	371.58	343.29	N/A

NOTE: Covers firms with 20 or more employees.

SOURCE: Statistics Canada 72-002

* Includes services to business management, accommodation & food services, hotels & motels, restaurants, caterers, taverns, and miscellaneous services. (Amended - 1984)

FRINGE BENEFITS IN NEW BRUNSWICK

The following items are compulsory fringe benefits which an employer must pay on behalf of his employees:

- 1) Unemployment Insurance:
\$3.29 per \$100 of weekly salary up to a maximum annual contribution of \$848.56.
- 2) Canada Pension:
1.8% of gross wages to a maximum of \$419.40 per year. The maximum rate applies to workers who earn \$25,800 or more during 1986 and their employers. Workers who earn less than \$25,800 and their employers will pay proportionately less. The Canada Pension Plan provides retirement, disability and survivor's benefits and covers virtually everyone in the paid labour force.
- 3) Holidays:
- minimum of 6 days annually
- 4) Vacation Pay:
- 4% of the employee's earnings, providing the employee works a minimum of 24 hours per week.
- 5) Worker's Compensation:
- rate depends on industry, for example, during 1986 the rates in the manufacturing sector range from \$0.30 to \$15.00 per \$100.00 of payroll.
- the maximum level of earnings covered in 1986 is \$30,700.

Taken in total these benefits cost the employer approximately 12% of employee wage expenses.

New Brunswick has no compulsory severance pay, group insurance or pension schemes. Medicare and Hospital Care are financed from Government revenue. In New Brunswick employers do not contribute to a Medicare Plan as they do in some other jurisdictions.

Company Pension and Medical Insurance Plans

An analysis of 374 collective agreements on file with the Department of Labour (from about 600 agreements in existence in the Province) reveals that 47% contain a provision for a pension plan. In addition, a number of enterprises have pension plans which are not mentioned in their collective agreements.

Approximately 66% of the agreements on file contain some type of provision for a hospital insurance plan, and about 60% for a weekly sickness and accident indemnity insurance plan.

WAGE RATES FROM COLLECTIVE AGREEMENTS-SAINT JOHN AREA

COMPANY NAME	CRANE CANADA INC.	T.S. SIMS & CO. LIMITED	SAINT JOHN SHIPBUILDING & DRY DOCK CO. LIMITED	TOWN OF SUSSEX
S.I.C.	3092 (Miscellaneous Metal Fabricating Industry)	3991 (Miscellaneous Manufacturing - Brushes & Brooms)	3271 (Shipbuilding and Repairs)	8100 (Government Service)
Expiry Date, Collective Agreement	February 28, 1985	July 31, 1986	December 31, 1987	December 31, 1987
Base Rate, Occupation	Grinders Mar. 1/85 Mar. 1/86 7.80/8.01 8.10/8.31	Labourer Sept. '84 July '85 8.09/9.59 8.49/10.07	Labourer 10.61/11.11	Labourer Jan. 1/85 Jan. 1/86 Jan. 1/87 9.10 9.45 9.80
Production Workers				
Truck Driver	9.80/8.01 8.10/8.31		9.45	9.80 10.25
Assemblers		9.36/11.21 9.83/11.87		
Q.C. Inspectors	8.66 9.06			
Equipment Operator				9.50/9.65 9.85/10.00 10.30/10.45
Labourer	8.31 8.61			
Welder			13.75 14.25 14.75	
Sub Foreman				10.05 10.40 10.85
Shipper	8.20/8.86 8.50/9.26			
Stockkeeper	8.52/8.86 8.50/9.26			
Lift Truck Operator	8.64/8.86 8.94/9.26			
Electrician (maintenance)	9.02/9.99 9.32/10.29		13.75 14.25 14.75	
Millwright	9.02/9.99 9.32/10.29			
Toolmaker	10.02 10.32	11.55 12.23		
Production Welder	8.40 8.70			

WAGE RATES FROM COLLECTIVE AGREEMENTS-MONCTON AREA

COMPANY NAME	DOWGLAS LTD.	MEM INDUSTRIES LTD.	ATLANTIC INDUSTRIES (N.B.) LTD.	N.B. WIRE FENCE CO. LTD.	ENTERPRISE FACETT INC.
S.I.C.	3561 (Glass and Glass Products Manufacturers)	3021 (Boiler & Plate Workers)	3049 (Metal Stamping Processing & Coating Industries)	3059 (Wire & Wire Products Manufacturers)	3321 (Manufacturer Major Applicants)
Expiry Date, Collective Agmt.	February 14, 1986	December 31, 1985	April 30, 1986	November 30, 1985	January 31, 1987
Base Rate, Occupation	Screen Maker Feb 14/84 8.60/ 8.79 Feb 14/84 9.12/ 9.32	Labour (All Depts.) Dec 16/83 8.82 Dec 16/84 9.07	Labour (General) 10.95	Labourer Dec 1/83 8.09 Dec 1/84 8.39	Hourly Base Rate for Employees. Feb. 1/85 8.18 Feb. 1/86 8.38
Welder		9.37/10.20	9.98/10.45	9.03	
Fitter Welder		9.81/10.31	10.06/10.56		
Machine Operator	10.63/11.04	11.27/11.70	9.41/9.73	9.66/ 9.98	11.17/11.49
Millwright	10.72/11.25	11.36/11.33	10.20/10.38	10.45/10.63	
Machinist			10.34/10.62	10.63/10.87	
Layout			9.83/10.63	10.08/10.88	
Mechanic			9.77/10.46	10.02/10.71	
Burner Tacker					11.28
Maintenance	9.33/10.72	9.89/11.36			11.28
Electrician (Maintenance)	11.41/11.75	12.09/12.46			
Quality Control Tester	8.85/9.04	9.38/ 9.58			

FRINGE BENEFITS FROM COLLECTIVE AGREEMENTS
SAINT JOHN AREA

COMPANY NAME	CRANE CANADA INC.	T.S.SIMMS & CO. LIMITED	SAINT JOHN SHIPBUILDING & DRY DOCK CO. LIMITED	TOWN OF SUSSEX
Canada Pension Plan	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation
Private Pension Plan	Yes	Yes	No Mention	No Mention
Workers Compensation	Compulsory by Provincial Legislation	Compulsory by Provincial Legislation	Compulsory by Provincial Legislation	Compulsory by Provincial Legislation
Unemployment Insurance	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation
Government Medical and Hospital Plan	Provided by Provincial Government	Provided by Provincial Government	Provided by Provincial Government	Provided by Provincial Government
Group Life Insurance	Yes	Yes	Yes	Yes
Private Supplementary Health and Sickness	Yes	Yes	No Mention	Yes
Vacation	1 - 4 yrs - 2 wks (4%) 5 - 14 yrs - 3 wks (6%) 15 - 29 yrs - 4 wks (8%) 30 yrs - 5 wks (10%)	1 - 3 yrs - 2 wks 3 - 9 yrs - 3 wks 10 - 20 yrs - 4 wks 20 - 32 yrs - 5 wks 32 yrs or more - 6 wks	1 - 3 yrs - 2 wks 3 - 6 yrs - 2 wks & 1 opt. (8%) 6 - 9 yrs - 3 wks & 1 opt. (9%) 9 - 12 yrs - 2 wks & 2 opt. (10%) 12 - 15 yrs - 2 wks & 2 opt. (11%) 15 yrs & over - 2 wks & 3 opt. (12%)	1 - 3 yrs - 2 wks 4 - 8 yrs - 3 wks 9 - 19 yrs - 4 wks 20 yrs and more - 5 wks
Holidays	12 days	11½ days	14 days	11 days

PRINCE BENEFITS FROM COLLECTIVE AGREEMENTS
MONCTON AREA

COMPANY NAME	DOMELAS LTD.	MEM INDUSTRIES LTD.	ATLANTIC INDUSTRIES (N.B.) LTD.	N.B. WIRE FENCE CO. LTD.	ENTERPRISE FACETT INC.
Canada Pension Plan	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation
Unemployment Insurance	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation	Compulsory by Federal Legislation
Private Pension Plan	No mention	No mention	Yes	No mention	No mention
Workers Compensation	Compulsory by Provincial Legislation	Compulsory by Provincial Legislation	Compulsory by Provincial Legislation	Compulsory by Provincial Legislation	Compulsory by Provincial Legislation
Government Medical & Hospital Plan	Provided by Provincial Government	Provided by Provincial Government	Provided by Provincial Government	Provided by Provincial Government	Provided by Provincial Government
Group Life Insurance	Yes	Yes	Yes	Yes	Yes
Private Supplementary Health & Sickness	Yes	Yes	Yes	Yes	Yes
Vacation	1 - 3 yrs - 2 wks (4%) 3 - 5 yrs - 2 wks (4½%) 5 - 12 yrs - 3 wks (6½%) 13 yrs & over - 4 wks (8%)	1 - 6 yrs - 2 wks 7 - 16 yrs - 3 wks 16 - 24 yrs - 4 wks 25 yrs or more - 5 wks	1 - 4 yrs - 2 wks 5 - 9 yrs - 3 wks 10 - 24 yrs - 4 wks 25 yrs or more - 5 wks (12%)	1 - 6 yrs - 2 wks 6 - 15 yrs - 3 wks 16 - 24 yrs - 4 wks 25 yrs or more - 5 wks	1 - 4 yrs - 2 wks 5 - 11 yrs - 3 wks 15 - 24 yrs - 4 wks Over 25 yrs - 5 wks
Holidays	10 plus 2½ days	11 days	10 plus 1 day	10 days	11 days

DEGREE OF UNIONIZATION IN MANUFACTURING

New Brunswick 1976 - 1985

Year	Total Labour Force	Manufacturing Labour Force	Union Membership in Manufacturing	Union Membership in Manufac- turing as a percentage of Manufacturing Labour Force
1976	253,000	39,000	17,672	45.3
1977	258,000	40,000	17,037	46.2
1978	268,000	45,000	16,848	37.4
1979	273,000	43,000	17,661	41.1
1980	280,000	42,000	18,231	43.4
1981	296,000	43,000	19,601	45.6
1982	282,000	29,000	18,955	48.6
1983	290,000	38,000	18,705	49.2
1984	291,000	35,000	19,385	55.4
1985	304,000	39,000	20,467	52.5

SOURCE: Planning and Analysis Section
Industrial Relation Service.
N. B. Dept. of Labour

LABOUR ORGANIZATIONS

Approximately one-third of New Brunswick's Non-Agricultural Labour Force is unionized. Wages and working conditions for the organized sector of the Labour Force are determined through Collective Bargaining and, in most instances, these bargained conditions exceed the minimum standards established, under the Minimum Employment Standards Act and the Minimum Wage Act. Approximately 52 per cent of the organized Labour Force are members of the New Brunswick Federation of Labour through their respective Unions.

Most unions in New Brunswick are affiliates of the American Federation of Labour - Congress of Industrial Organizations (AFL-CIO) and the Canadian Labour Congress (CLC). As of January 1, 1985, total union membership in 548 locals was approximately 90,000 persons. The Province has one of the lowest ratios of work-days lost due to strikes and lockouts in all of Canada.

To become recognized as the bargaining agent for workers a union must either become certified by the Industrial Relations Board, by way of application to the Board, or by voluntary recognition by the employer. Where a question exists, with respect to the majority position of an applicant trade union, a vote may be ordered. If the applicant has the support of more than 60% of the workers and all other conditions are satisfied, certification is mandatory. An order of certification grants to the union exclusive bargaining rights on behalf of employees in the unit.

RECRUITING AND TRAINING

Assistance in recruiting workers is provided by Canada Employment Centres (CEC) at no charge to the employer. The employer submits a request to the local Employment Centre, giving job specifications and the number of positions to be filled. The CEC, on a self serve basis, then matches suitably qualified workers with the employment opportunities being offered and refers these clients to the employer for interviews and final selection. While initial recruitment is on a local basis, the CEC will recruit provincially, regionally and nationally to meet an employer's needs. They will also under certain circumstances provide new employees or potential new employees with financial assistance to meet relocation and interview expenses.

The strategy contains a set of overall objectives including a commitment of support for small business and entrepreneurship, a series of six programs each designed to respond to a specific labour market problem and decentralization of decision making to the regional and local levels. Two of the programs, Skill Investment and Skill Shortages, provide financial support to employers with training needs. Training may take place either on-the-job or at training institutions with CEIC reimbursing part of salary costs of employees as well as most of the training costs.

The New Brunswick Department of Advanced Education and Training, through its Apprenticeship and Trade Certification Program, offers employees in New Brunswick the opportunity to become fully qualified and certified tradesmen in any of 65 trades. This training, which has both "on-the-job" and classroom elements, is supervised by the Apprenticeship and Trade Certification Branch of the Department of Labour. Costs for the classroom elements are normally paid for by CEIC.

In addition to these programs, the Department of Commerce and Technology and the New Brunswick Community College have a number of programs which will assist employers.

29.

EDUCATION

EDUCATION

The public school system in New Brunswick has been designed to provide individual students with a basic education foundation and to permit each child to develop to the limit of his or her capability.

The Province's elementary and secondary schools are modern and well equipped. Instruction is offered in two languages, English and French. Vocational courses are offered at the high school level under three categories: business education, home economics and industrial.

Full-time enrollment in elementary and secondary schools as of September 1985 was approximately 140,000.

Post-Secondary Education

The University of New Brunswick, founded in 1785, is a degree-granting institution with campuses in Fredericton and Saint John and a student body of approximately 7,500. Scientific research became an integral part of the university structure in the 1860's with the faculties of Physics, Civil and Electrical Engineering being added in 1889. Gradual development of the faculties of Arts, Engineering, Forestry, Science, Physical Education, Law, Education and Nursing took place over the next 50 years. The University has continued to expand in recent times with the newest programs in Graduate Studies and Research being in the Faculties of Administration, Chemical and Survey Engineering, Computer Science, Language and Social Sciences.

Saint Thomas University, which shares the Fredericton campus of U.N.B., is a degree-granting institution which emphasizes the liberal arts and has an enrollment of about 1,200.

Mount Allison University, located in the Town of Sackville in the Province's southeast corner, is a small, residential, predominantly undergraduate institution. Founded in 1840, the university has traditionally restricted student enrollment in order to pursue a program of excellence in teaching. Currently, the university's 1,700 students may obtain Bachelor's Degrees in Arts, Commerce, Education, Fine Arts, Music and Science.

L'Universite de Moncton, with its main campus at Moncton, is the major French-language degree-granting institution in the Maritime provinces. The university has three campuses: Centre universitaire de Moncton, Centre universitaire de Shippagan, and Centre universitaire Saint-Louis Maillet de Edmundston with a combined student body of approximately 4,000.

Community Colleges

The New Brunswick Community College is a multi-campus institution which is responsible for the implementation of post-secondary non-university educational programs within the Province. Presently there are ten campuses constituting the College system while a wide range of occupational programs are offered at various other centres.

Programs available through the Continuing Education Services of Community College are usually intended for adults who have been in the labour force. They are often provided by other agencies in cooperation with Community College. The programs include:

- Apprenticeship Training
- Canada Manpower Training Services
- Correspondence School Services
- The General Educational Development Testing Program
- Night School
- Upgrading and Updating Programs
- Special Programs

Community Colleges currently offer over 90 regular programs which range from Accounting to Welding. Programs are offered in the following areas:

- | | |
|-----------------------------------|-----------------------------|
| 1. Academic | 10. Hospitality/Tourism |
| 2. Applied Arts and Communication | 11. Mechanical - Industrial |
| 3. Business | 12. Mechanical - Motorized |
| 4. Construction | Equipment |
| 5. Drafting and Design | 13. Metals |
| 6. Electronics | 14. Natural Resources |
| 7. Health/Community Services | 15. Personal Services |
| 8. Heating, Ventilation and | 16. Protective Services |
| Air Conditioning | 17. Secretarial/Clerical |
| 9. Heavy Equipment Operation | 18. Wood and Related |
| | Materials |

Community Colleges work very closely with industry in course development.

Programs are initiated in response to industry's needs. Graduates are therefore highly skilled in the industrial and technological fields, and other areas industry depends on for growth and success. The result of this market oriented educational system is New Brunswick's valuable human resource.

GRADUATE INFORMATIONPROVINCE OF NEW BRUNSWICKA. HIGH SCHOOL (Grade 12 Complete)

	<u>1982-83</u>		<u>1983-84</u>		<u>1984-85</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
College Preparatory	2,430	2,903	2,388	2,950	2,325	2,782
Occupational,* Business	1,550	1,558	1,355	1,384	1,206	1,240
Other	<u>897</u>	<u>845</u>	<u>817</u>	<u>826</u>	<u>885</u>	<u>840</u>
TOTAL	4,877	5,306	4,560	5,160	4,416	4,862

B. NEW BRUNSWICK COMMUNITY COLLEGES (2 Year Technology Disciplines)

	<u>1982 - 83</u>	<u>1983 - 84</u>	<u>1984 - 85</u>
Electronics / Yr. 1	262	243	178
Engineering / Yr. 2	120	119	120
Mechanical / Yr. 1	45	47	29
Engineering / Yr. 2	38	32	23
Industrial / Yr. 1	26	51	42
Instrumentation / Yr. 2	17	32	26

*Includes business, occupational industrial and home-economies

C. REGIONAL UNIVERSITY GRADUATES

<u>University of New Brunswick</u>	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>
Electrical / Bachelor	39	63	61
Engineering / Master	8	9	10
/ PhD.	1	1	0
Computer Science/Bachelor	55	74	52
/Masters	6	9	4
Mechanical / Bachelor	32	51	43
Engineering / Master	6	12	8
/ PhD.			1

Technical University of Nova Scotia

	<u>1981/82</u>	<u>1983/84</u>	<u>1984/85</u>
Electrical / Bachelor	38	39	50
Engineering / Master	5	8	-
Mechanical / Bachelor	60	71	75
Engineering / Master	2	7	-

HEALTH SERVICES

HEALTH SERVICES

Most basic Health Services in New Brunswick are provided free of charge to the patient. Payment for Government Health Programs is provided from Government revenues and small user premiums are levied for certain services only.

For example, fees of \$6.00 per visit are levied for outpatient services provided by hospitals. The fee is \$3.00 for social assistance recipients, nil for senior citizens. Senior citizens and persons with cystic fibrosis also receive prescription drugs for \$3.00 per prescription.

Through New Brunswick's Medicare Plan, medical services are available to all residents from the physician of their choice. In addition, both hospital in-patient and out-patient services are covered by the Hospital Insurance Plan.

The New Brunswick Department of Health, in addition to financing medical and hospital services, provides a number of services directly which include Public Health Services, Community Mental Health Services, Laboratory Services, Vital Statistics, a limited Dental Health Program and a Prescription Drug Program for residents aged 65 and over. Other Government and voluntary agencies supplement these services resulting in a broad range of preventive, diagnostic, therapeutic, rehabilitative and supportive care services in New Brunswick.

There are 36 modern, well equipped hospitals in New Brunswick and several local medical clinics. The average doctor-patient ratio is approximately 1:900.

HOUSING

HOUSING

Real estate in New Brunswick is one of the best values in the country. The following comparison of costs has been provided by a major Canadian realtor.

Two types of residential houses will be considered. Both houses will be in bedroom communities, within average commuting distance of a city center and in an average neighborhood.

House 1 - is a detached three bedroom bungalow constructed partially of brick with wood, aluminum or stucco. It has 1½ baths, 1 car garage, full basement unfinished. Size of house, excluding garage is approximately 1200 sq. ft. (111.48 sq. metres) and is situated on a fully serviced lot of 5500 sq. ft. (510.9 sq. metres).

House 2 - is a detached four bedroom two storey house of brick construction on the main level and wood, aluminum or stucco on the upper level. It will have 2½ baths, main floor family room, fireplace and two car garage. The house will be of approximately 2000 sq. ft. (185.8 sq. metres) on a fully serviced 6500 sq. ft. (603.85 metres) lot.

<u>Location</u>	<u>House 1</u>	<u>Taxes</u>	<u>House 2</u>	<u>Taxes</u>
Fredericton, N.B.	79,000	800	144,000	1,200
Moncton, N.B.	72,500	800	115,000	1,300
Saint John, N. B.	72,000	894	121,000	1,546
Pointe Claire (Montreal)	75,000	1,500	145,000	2,950
Halifax (Clayton Park)	124,000	1,800	189,000	2,650
London, Ont.	85,000	1,500	130,000	1,900
St. John's, Nfld.	80,500	880	112,500	1,230
Kitchener, Ont.	105,500	1,250	138,000	1,750
Ft. Richmond (Winnipeg)	96,000	1,800	150,000	2,700
Oakville (Toronto)	115,000	1,300	180,000	2,000
Kamloops, B.C.	63,000	1,375	100,000	2,200
Mississauga (Toronto)	127,000	1,615	163,800	2,193
Mill Woods (Edmonton)	78,500	1,200	108,500	1,500
Kerrisdale (Vancouver)	210,000	1,720	300,000	2,500
Victoria, B.C.	90,000	1,100	122,000	1,450

SOURCE: Royal LePage Survey of Canadian House Prices - July 1986

TRANSPORTATION

TRANSPORTATION

The Port of Saint John, one of Canada's busiest and most efficient ports, is equipped with modern docking facilities and container terminals. There are seven other ports along New Brunswick's coast, five of which offer year-round deep water and bulk cargo handling services.

New Brunswick is serviced by both major Canadian railways as well as major trucking lines offering over night service to both Boston and Montreal. More than 4,400 kilometres (2,734 miles) of major highways and collector roads tie city to city and industry to market.

Modern air services are provided to New Brunswick by two carriers, Air Canada and Canadian Pacific Air. Five major airports are serviced by daily jet passenger flights and two of these airports also handle all cargo flights of Air Canada.

Government assistance is provided through the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act. The assistance is paid directly to the carrier. The Maritime Freight Rates Act applies to rail movements and the Atlantic Freight Assistance Act applies at present to truck and express movements. The rates of subsidy at present are 10% on traffic within the region; on traffic outbound from the region, 30% of the portion of the distance within the region. Selective commodities, outbound, have rate subsidies of an additional 20%, over and above the 30% subsidy. This subsidy must be approved by the Canadian Transport Commission (C.T.C.). This freight subsidy allows manufacturers to be very competitive in markets outside the Maritime Region. Business people in the Atlantic Region should be aware of the significance of this Subsidy Program in reducing transportation costs on their products and thereby enabling them to compete more effectively in Canadian markets.

TAXATION OF CORPORATIONS

TAXATION OF CORPORATIONS IN NEW BRUNSWICK

The Corporate Income Tax Laws in Canada are divided into Federal and Provincial allocations. However, a taxpaying corporation residing in New Brunswick need only file one tax return with the Federal Government of Canada, which is authorized to collect New Brunswick's share of income tax. This not only eases the burden of preparing income tax returns, but also facilitates tax planning, since a corporation only has to contend with Federal Income Tax rules. Companies are assessed on the basis of, standard versus small businesses, with a special reduction for manufacturers.

Corporate Income Tax Rates

	<u>MANUFACTURING OR PROCESSING</u>		<u>NON-MANUFACTURING</u>	
	<u>Small</u>		<u>Small</u>	
	<u>Standard</u>	<u>Business*</u>	<u>Standard</u>	<u>Business</u>
Basic Rate - Federal	46%	46%	46%	46%
Less: Federal Abatement	-10%	-10%	-10%	-10%
Less: Manufacturers Reduction	- 6%	- 5%	--	--
Less: Small Business Reduction	- 0%	-21%	--	-21%
Province of New Brunswick Rate	+15%	+ 9%	+15%	+ 0%
TOTAL	45%	19%	51%	15%

For comparison, the Provincial Corporate Income Tax rates across the country are as follows:

	<u>Standard</u>	<u>Small Business</u>
New Brunswick	15%	9%
Newfoundland	16%	10%
Prince Edward Island	10%	10%
Nova Scotia	15%	10%
Quebec	5.5%	3%
Ontario	14%	10%
Manitoba	17%	0%
Saskatchewan	16%	10%
Alberta	11%	5%
British Columbia	16%	8%

*Small Business - a private Canadian Corporation whose taxable income in a year plus the aggregate taxable income of all its affiliated private Canadian earnings would not exceed \$200,000.

Taxable Income

Taxable income is approximately equal to accounting income, as determined in accordance with generally accepted accounting principles, modified by specific provision of the Canadian Income Tax Act. The following are the most significant modifications:

- a) Depreciation is replaced by a system of Capital Cost Allowance (CCA) provisions which are usually of greater tax benefit to the corporation.
- b) 3% of the cost of the opening inventory, valued on a FIFO* basis, is considered a deductible expense for income tax purposes.
- c) Losses which result from operating a business can reduce income from all sources for the year immediately proceeding the year of the loss and the income for the five (5) years following the year of the loss.

*FIFO - first-in first-out

Income Tax Payable

The income tax payable in any one year is the applicable rate of income tax multiplied by the amount of taxable income for the year, less any applicable tax credits.

Tax Credits

a) Foreign Tax Credit

Corporations which have foreign source income and are resident in Canada at any time in the year are eligible for a credit on foreign taxes paid. A credit is allowed against Canadian tax payable for the lesser of the foreign tax paid and the Canadian tax on the foreign source income.

b) Investment Tax Credit

The Investment Tax Credit is a deduction from federal tax otherwise payable. In New Brunswick the Investment Tax Credit is now earned at the special rate of 20 percent of investments in equipment and structures used in manufacturing, mining, oil and gas, logging, farming and fishing. In special regions of the province the Investment Tax Credit for certain manufacturing investments is 50 percent. These special regions include Kent, Northumberland, Gloucester, Restigouche, and Madawaska Counties.

Investment tax credits which exceed federal tax otherwise payable, can be carried back to reduce federal tax in previous years. Credits earned for 1984 and later years can be carried back for three full years. As well, the previous five-year carryforward has been extended to seven years.

Special Recovery Refundable Investment Tax Credit

Measures to enhance the ability of corporations to obtain more immediate benefits from the investment tax credits now earned on new investment were adopted recently. A portion of the Investment Tax Credit earned on investments made after April 19, 1983 and before May 1, 1986 will be refunded directly in cash to taxpayers who could not otherwise fully use their credit to reduce their federal tax. This refund will be 40 percent of the unused investment tax credit earned in a year.

NOTE: When Tax Credits are utilized to decrease the amount of Federal Income Tax otherwise payable, the Capital Cost of the property in virtue of which the credit was created is reduced by the amount of the Investment Tax Credit actually applied.

Other Tax Incentives

a) Accelerated Depreciation

The Capital Cost Allowance regulations provide for the "fast write-off" of most new manufacturing and processing machinery and equipment acquired for the purpose of manufacturing or processing goods for sale or lease in Canada.

The regulations create two special classes of depreciable property eligible for fast rates of write-off, namely:

- (i) Class 29 - new manufacturing and processing machinery and equipment to be used in Canada for manufacturing or processing goods for sale or lease (acquired since May 8, 1972).
- (ii) Class 34 - machinery and equipment acquired for use in generating electricity or producing and distributing heat.

The rate of write-off permitted is 50% of capital cost in the year of acquisition and, in any subsequent year, the remaining balance of undepreciated capital cost of the property. In other words, total cost may be written off against as few as two years operations.

b) Research & Development Allowance

Under the present income tax system, 100% of Research and Development expenditures, whether current or capital, can be used as a deduction from taxable income in the year the expenditures are incurred. Furthermore, an additional deduction is available for 50% of the increase in Research and Development expenditures over the average level of the previous 3 years. Research and Development capital and current expenditures also qualify for investment tax credits as described above.

Withholding Tax

A withholding tax on payments of interest, dividends, rents, royalties, management, administration fees, alimony and maintenance is withheld from non-resident corporations and individuals, and is usually limited to 10% or 15% by treaty.

Federal Sales Tax

Imposed on manufacturers' selling price; applies to most goods produced or imported into Canada. The tax on most goods is presently 10% while construction materials and equipment for buildings is 6%. These will increase to 11% and 7% respectively in January 1986.

Exemptions from Federal Sales Tax include:

(With licence) goods to be incorporated into a finished product or consumed in the manufacture of a finished product; goods for export, most foodstuffs, prescription drugs, electricity, heating fuel, clothing, footwear, production machinery or equipment, construction and paving equipment, transportation equipment, farm machinery, books, and most goods sold to hospitals, educational institutions and municipal governments.

Provincial Sales Tax

11% on all items, with the following exemptions—clothing, footwear, foodstuffs, electricity, prescription drugs, farm machinery, certain education supplies, heating fuel, machinery and parts used in the manufacture of goods.

EXAMPLE OF INVESTMENT TAX CREDIT

<u>Investment</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
Building							
				\$ 3,000,000			
Machinery & Equipment							
				10,000,000			
Total Qualified Investment				<u>\$13,000,000</u>			
Maximum Investment Tax Credit (20%)				\$ 2,600,000			
Assumed Investment	\$8,000,000	\$5,000,000	0	0	0	0	0
Assumed Sales	\$1,000,000	\$4,000,000	\$8,000,000	\$12,000,000	\$16,000,000	\$16,000,000	\$16,000,000
Assumed Federal Income Tax Payable	0	0	\$ 400,000	\$ 900,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Investment Tax Credit			\$ 400,000	\$ 900,000	\$ 1,300,000		
Adjusted Federal Income Tax Payable	0	0	0	0	\$ 200,000	\$ 1,500,000	\$ 1,500,000

TOTAL SAVINGS ON TAX PAYABLE = \$2,600,000

Real Property Taxes

All real property (land and buildings) is subject to a provincial and municipal tax levy based on its classification. Property is classified as either residential or non-residential. There is no business occupancy tax. The provincial residential rate is \$1.50 per \$100 assessed value; the non-residential rate is \$2.25 per \$100 assessed value. All assessments are at market value, and since values are among the lowest in Canada, there is a favourable tax rate. Each municipality sets a rate for taxes annually. For all municipal taxes, the non-residential rate is 1.5 times the residential rate.

Examples of 1986 tax rates are:

	<u>Residential</u>	<u>Non-Residential</u>
City of Fredericton	1.07	1.61
City of Moncton	1.39	2.09
City of Saint John	1.56	2.34

As an example, a business property located in the City of Fredericton assessed at \$5,000,000, would pay taxes as follows:

Provincial Tax	\$112,500
Municipal Tax	<u>80,500</u>
Total Tax	\$193,000

Income Taxation of Individuals

A Canadian resident, (that is anyone who spends 183 days or more in Canada within a calendar year) must pay income tax on his world income, less deductions permitted in determining taxable income and reduction in taxes otherwise payable attributable to foreign tax credit.

In New Brunswick, the Federal Government collects the Provincial share of income tax, hence only one income tax return must be prepared.

Dependent upon the various optional deductions and contributions available, a family with two adults and two children under 16 years of age might pay the following income tax:

Examples	<u>A</u>	<u>B</u>	<u>C</u>
Gross Income	\$26,000	\$30,000	\$36,000
Taxable Income	18,000	22,000	28,000
Federal & Provincial Combined Rate of Income Tax	27%	29%	31%
Tax Payable	\$ 4,900	\$ 6,350	\$ 8,710

THE INVESTMENT CANADA ACT
(KEY FEATURES)

THE INVESTMENT CANADA ACT

Key Features of the new Act

The Investment Canada Act recognizes that investment is central to economic growth and new employment opportunities and the key to technological advancement. For this reason, investment in Canada by both Canadians and non-Canadians is expected to bring benefit to Canada.

The Act replaces the Foreign Investment Review Act and establishes an Agency, Investment Canada, with a mandate to encourage and facilitate investment. At the same time it provides for a review of large acquisitions in Canada by non-Canadians to ensure that they are likely to be of benefit to Canada. For small acquisitions and the establishment of new businesses, non-Canadian investors need only notify the Agency of their investment.

Responsibilities of the Minister and Agency

Part I of the Act (Sections 4 - 9) describes the responsibilities of the Minister, and thereby of the Agency, to carry out activities that encourage investment and ensure benefit. The Minister will:

- encourage business investment by appropriate means;
- assist Canadian businesses to exploit opportunities for investment and technological advancement;
- carry out research and analysis pertaining to domestic and international investment;
- provide investment information services and other investment services to facilitate economic growth in Canada;
- assist in the development of industrial and economic policies that affect investment in Canada;
- ensure that the notification and the review of investments are carried out as required by legislation.

The Act envisages that the Minister will seek the co-operation of other federal Government departments, the provinces and the private sector with a view to improving the investment climate and providing services that will assist Canadians to exploit new investment opportunities.

For additional information, please consult the Investment Canada "Spirit of Enterprise" information package, available from all Regional Industrial Expansion (D.R.I.E.) offices in Canada and Canadian Embassies abroad.

NEW BRUNSWICK ECONOMIC INDICATORS

NEW BRUNSWICK ECONOMIC INDICATORS

51.

	Units	Reference Period	NEW BRUNSWICK			CANADA	Percent Change From Same Month Year Ago	
			Current Month	Last Month	Same Month Year Ago	Current Month	N. B.	Canada
POPULATION	thousands	April 1/86	720.9	..	718.6	25,551.2	6.3	6.9
LABOUR								
Labour Force	thousands	June '86	328	321	317	13,201	3.5	2.2
Employed	thousands	June '86	280	273	271	11,997	3.3	3.2
Unemployed	thousands	June '86	47	48	45	1,205	4.4	-6.2
Unemployment Rate	percent	June '86	14.4	15.0	14.3	9.1	...	...
Unemployment Rate (seasonally adj.)	percent	June '86	15.3	14.6	15.3	9.5	...	...
Participation Rate	percent	June '86	60.4	59.3	59.0	67.4	...	...
Employment/Population Ratio	percent	June '86	51.7	50.4	50.6	61.2	...	...
Unemployment Insurance Beneficiaries	number	April '86	68,670	72,800	71,930	1,193,850	-4.5	-8.7
Average Weekly Earnings	dollars	April '86	397.37	401.16	375.59	428.76	5.0	3.0
Wages and Salaries	\$ millions	February '86	365.8	365.3	345.5	18,773.0	5.9	6.5
	\$ millions	Jan.-Feb.	731.1	365.3	692.2	37,622.6	5.6	6.8
CONSUMER PRICE INDEX*								
All Items	1981=100	June '86	131.9	132.5	128.0	131.9	3.0	3.7
Food	1981=100	June '86	121.7	121.7	118.1	126.0	3.0	3.8
Clothing	1981=100	June '86	115.7	116.7	113.6	118.5	1.8	2.2
Housing	1981=100	June '86	135.6	136.2	125.3	132.5	0.2	3.0
Gasoline	1981=100	June '86	140.7	147.6	137.3	122.6	2.5	-13.4
GROSS VALUE OF MANUFACTURING SHIPMENTS	\$ millions	May '86	405.7	393.1	333.4	21,729.2	21.7	1.3
	\$ millions	Jan.-May	1,887.2	1,481.5	1,744.9	104,629.5	8.2	5.7
PRODUCTION OF METALLIC MINERALS	tonnes	April '86	67 410	66 604	66 195	..	1.8	..
	tonnes	Jan.-April	249 966	182 556	254 311	..	-1.7	..
PULPWOOD PRODUCTION	'000 cubic metres	April '86	130	306	152	2 208	-14.6	27.5
	'000 cubic metres	Jan.-April	1 437	1 307	1 307	13 808	10.0	1.5
SAWMILL PRODUCTION	'000 cubic metres	March '86	125.0	113.0	117.5	4 894.1	6.5	5.8
	'000 cubic metres	Jan.-March	349.7	224.7	283.9	14 261.3	23.2	8.8
FARM CASH RECEIPTS	\$ thousands	May '86	20,070	20,624	19,795	1,307,357	1.4	-1.1
	\$ thousands	Jan.-May	87,269	67,199	87,885	8,555,850	-0.7	-0.6
FISH LANDINGS								
Volume	tonnes	Jan.-March '86	2 937	..	2 579	178 466	13.9	14.9
Value	\$ thousands	Jan.-March '86	3,631	..	2,671	..	35.9	..
NEW MOTOR VEHICLE SALES								
Number	number	May '86	4,145	4,159	4,270	156,517	-2.9	-0.3
	number	Jan.-May	17,124	12,575	17,225	659,356	-0.6	3.1
Value	\$ thousands	May '86	54,553	55,181	50,769	2,215,706	7.5	10.4
	\$ thousands	Jan.-May	220,653	166,100	206,207	9,226,531	7.0	13.4
RETAIL TRADE	\$ millions	May '86	318.3	278.7	288.7	12,712.9	10.3	8.1
	\$ millions	Jan.-May	1,315.6	997.3	1,201.9	53,755.2	9.5	8.6
CONSTRUCTION								
(Urban Centres of 10,000+)								
Starts	number	May '86	406	158	386	18,396	5.2	26.3
	number	Jan.-May	796	390	757	60,574	5.2	26.7
Under Construction	number	May '86	1,068	747	825	81,993	25.6	32.1
Building Permits								
Residential	\$ thousands	April '86	26,946	6,162	26,189	1,342,896	2.9	23.0
	\$ thousands	Jan.-April	42,442	17,496	47,899	3,711,690	-7.2	40.8
Non Residential	\$ thousands	April '86	11,261	17,186	15,154	762,286	-25.7	-10.9
	\$ thousands	Jan.-April	74,631	63,370	45,520	2,472,399	64.0	12.9
EXPORTS	\$ thousands	April '86	220,916	209,244	189,442	10,372,963	16.6	3.6
	\$ thousands	Jan.-April	856,353	635,435	667,475	36,466,601	24.6	1.2

.. not available
... not applicable
* N.B. CPI based on monthly survey taken in Saint John

BANK OF CANADA RATE: July 22, 1986 6.34 percent
June 23, 1986 8.84 percent
July 22, 1985 9.30 percent

DATE PREPARED: July 22, 1986

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Statistics Agency
Cabinet Secretariat
(506) 453-2361

SOURCES: Statistics Canada
New Brunswick Statistics Agency
N.B. Dept. of Forests, Mines and Energy
Environment Canada

\$ CANADIAN/\$ U.S.: July 22, 1986 .7223
June 23, 1986 .7211
July 22, 1985 .7423